



# **MTUBATUBA**

# **LOCAL MUNICIPALITY**

## **TARIFFS POLICY**

**2017/2018**

## TABLE OF CONTENTS

No	Description	Page
	Definitions	
	Preamble	3
1.	Introduction	3
2.	Assessment Rates	3
2.1	Property Rates Schedule	4
2.2	Property Rates Rebates	5 – 6
2.3	Rates ratios to be applied as stipulated on the government gazette no. 32061 of 2009	6
3.	Refuse Removal	6
4.	Clearances	7
5.	General	7 – 8
6.	Interest on Arrears	9
7.	Review of policy and promulgation of by-laws	9
8.	Compliance Enforcement	
9.	Policy Adoption	
10.	Annexure – Schedule of Rates and Tariffs	10 – 15

## **1. DEFINITIONS**

**“Basic municipal services”** mean a municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety or the environment.

**“Council”** refers to Municipality and its successors in law and includes the Council of that Municipality or its Executive Committee or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee has delegated any powers and duties with regard to this policy.

**“Municipality”** means the Mtubatuba Local Municipality

**“Indigent”** means any household as defined in the Municipality’s Indigent Support Policy.

**“Municipal area”** means the area in respect of which Municipality has executive and legislative authority as determined by the constitution and the National legislation and demarcated in terms of the Demarcation Act (Act 27 of 1998).

**“Indigent Households”** A family unit as defined in the Municipality’s Indigent Support Policy.

**“Tariff policy”** means a policy on, the levying of fees, rates or taxes for the Municipal services provided by the Municipality itself, which complies with the Municipal Systems Act, 2000.

## **Preamble**

The tariff-setting process for every financial year for the Mtubatuba Local Municipality continues to be guided by rates and tariff policies and tariff methodology, which provides a framework within which the municipality can implement fair, transparent and affordable charges for the provision of services. Furthermore, the municipality fully considers when determining the tariffs levels for the financial year tariff escalation rate by establishing or calculating its own revenue requirement, capital costs and other factors mentioned in the policies.

It is also important to note that when the Mtubatuba Local Municipality considers increasing tariffs such decision is always based on the long-term economic development plan put together to ensure that municipality is able to deliver effectively, efficiently run and well maintained services and facilities. The municipality, however, is affected by all sorts of external factors like inflation, cost of bulk purchases, and government policy decisions to some extent, certain international factors as well as the employment and income demographics of its residents. Interest is charged on all outstanding amounts based on the prime lending rate as determined by the commercial banking industry as at 1 July of every year.

## **1. INTRODUCTION**

A tariffs policy must be compiled, adopted and implemented in terms of Section 74 of the Local Government Municipal Systems Act (Act 32 of 2000 (Government Gazette No.21776, dated 20 November 2000), such policy to cover, amongst others, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

The tariffs policy for Mtubatuba Local Municipality has been compiled taking into account, where applicable, the guidelines set out in Section 74.

## **2. ASSESSMENT RATES**

All rateable properties in the Mtubatuba Local Municipality are to be valued at least once every four years. Assessment rates and varying rebates will be applied according to the Rates Policy. The rate in the rand, as well as the rebates, will be

determined and approved by Council when the budget and tariffs are annually submitted for consideration.

## **2.1 PROPERTY RATES SCHEDULE**

*The different categories ratio in relation to property in terms of Property Rates regulation which took effect on 1 July 2009.*

Residential property	1: 1
Business, Commercial and industrial	1: 2
Agricultural properties (Farms and Agricultural holdings) used for a) Farming and agricultural purposes b) Business and commercial purposes	1: 0.25
State owned properties	1: 2
Privately owned towns serviced by the owners	1: 0.90
Municipal properties	1: 0
Public service infrastructure	1: 0
State trust land	1: 0.25
Protected areas	1: 0.25
National monuments	1: 0.25
Properties owned by Public benefit organisations	1: 0.25
Servitudes	1: 0.25
Exclusive use areas	Not rateable
Township title properties	1: 0.25
Vacant land (Residential + Business & commercial + industrial)	1: 1
Vacant land (Private owned)	1: 1

## 2.2 PROPERTY RATES REBATES

<b><u>Residential and sectional title properties</u></b>	<b>Municipal value</b>	<b>% Rebates</b>
All Residential and sectional title properties, is rebated by the amount of rates payable on the municipal value as indicated:	First R 15 000  From R15 001 to R60 000	Exempt [Section 17(h) of the Act].  100%
<b><u>Residential vacant land</u></b>	First R 15 000  From R15 001 to R60 000	Exempt [Section 17(h) of the Act].  100%
<b><u>Public Benefit Organisation (PBO)</u></b>		First 30% of rateable property
All state owned properties as defined in the Rates Policy. All government properties are defined in schedule 1 & 3 of the Public finance Municipal Act.		First 30% of rateable property
<b><u>Special rebates</u></b>		
Special rebates to registered owners of residential properties who are pensioners, retired senior citizens, disabled and/or medically unfit persons qualifying according to gross monthly household income of all persons normally residing on that property:		
<b><u>Gross monthly household income</u></b>		
R0 – R3000		100%
R3001 to R4000		80%

R4001 to R4500		60%
R4501 to R5000		40%
R5001 to R5500		20%
Municipal properties	Exempt	100%
Public Service Infrastructure	Exempt	100%

Further and/ or other rebates may be grants to applicants who have applied and their applications have approved through the indigent policy process within the prescribed period. (**Refer to Indigent policy for prescribed application period**)

### **2.3 RATES RATIOS TO BE APPLIED AS STIPULATED ON THE GOVERNMENT GAZETTE NO. 32061 OF 2009:**

The rate on the non-residential properties may not exceed the ratio to the rate on residential properties as listed below:

- Residential property 1:1
- Agricultural property 1:0.25
- Public service infrastructure property 1:0.25
- Public Benefit Organization 1:0.25

The 1:1 represent the ratio to the rate on residential properties. 1:0.25 represents the maximum ratio to the rate on residential property that may be imposed on the residential properties.

Amended Municipal Property Rates Act published in Government notice number R362 on 27 March 2009 introducing the ratio for Public Benefit Organization (PBO) to be 1:0.25.

### **3. REFUSE REMOVAL**

The following categories of refuse removal consumers shall be charged at the applicable tariffs, as approved by Council at least one month before implementation, when the budget is compiled:

- A separate fixed monthly refuse removal charge shall apply to each of the following categories of users:
  - a) Domestic

- b) Business/Industrial
- c) Flats
- d) Mtubatuba departments
- e) Builders/Contractors
- f) Dumping at transfer site

Tariffs adjustments will be effected from **1 July each year**, but Council reserves the right to make further adjustments to refuse removal tariffs whenever it becomes evident that the budgeted revenues of this service will not materialize, that the budget expenses will be exceeded for reasons beyond Council's control or when

#### **4. CLEARANCES FEES**

Restraint on transfer of property (municipal system Act 32 of 2000) (s 118) 1 A registrar of deeds may not register the transfer of property except on production to that registrar of deeds of a prescribed certificate:

- a) issued by the municipality or municipalities in which that property is situated; and
- b) Which certifies that all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

1 A) A prescribed certificate issued by a municipality in terms of subsection (1) is valid for a period of 120 days from the date it has been issued. Refer to **Annexure A** for tariffs payable in this regard.

#### **5. GENERAL**

Uniform rates and tariffs structure shall apply throughout the Mtubatuba municipal area for all types of services and residents.

The policy of Mtubatuba Local Municipality for property rates, refuse removal shall be at least to recover all costs, and whenever appropriate to generate a 10% surplus, or such lesser percentage determined when the budget is compiled and approved by Council.

The determination of rates and service tariffs shall take into account provisions for bad debts. The bad debts provision for Mtubatuba Local Municipality should at all times

be at least 50% of the total outstanding rates and service debtors as at 30 June of each year.

All minor tariffs shall be approved and implemented on an annual basis, and shall, when appropriate, be subsidized by the rates account, particularly when the tariffs will prove uneconomical when charged at cost or when cost cannot accurately be determined or when the tariff is designed purely to regulate rather than finance the use of a particular service or amenity.

All minor tariffs shall be standardized within the municipal region and are stipulated in the tariff schedule as **ANNEXURE A**.

**Minor tariffs include the following:**

- a) Cemetery fees
- b) Housing rentals
- c) Billboard fees
- d) Library fees (e.g. membership, fines, lost books, lost membership cards)
- e) Rent Town Hall
- f) Application fee for sub-division
- g) Building Plan fees
- h) Rent Sport grounds
- i) Refuse removal: mass removal
- j) Clearance certificates
- k) And any other minor tariffs as identified and approved by the council from time to time.

## **6. INTEREST ON ARREARS**

Interest will be charged on late payments and on arrears payable to the municipality for services rendered on sundry levies at a rate permitted by the municipality is 1.5 % per month.

## **7. REVIEW OF POLICY AND PROMULGATION OF BY-LAWS**

Council shall ensure that by-laws are promulgated to give effect to its rates and tariff policy.

Council shall further ensure that this policy together with the rates and tariff schedule is annually reviewed as part of the process of preparing the annual budget, and that any resultant amendments to the policy are consequentially effected in its by-laws.

## **8. COMPLIANCE ENFORCEMENT**

- a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to be taken as per the Municipality's disciplinary code of conduct.
- b) It will be the responsibility of Chief Financial Officer to enforce compliance with this policy.

## **9. POLICY ADOPTION**

This policy has been considered and approved by the **COUNCIL OF THE MTUBATUBA MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

